

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG-RANGE PLANNING

Call to Order: By **CHAIRMAN ERNEST BERGSAGEL**, on January 12, 1999
at 8:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Rep. Ernest Bergsagel, Chairman (R)
Sen. Tom A. Beck, Vice Chairman (R)
Sen. J.D. Lynch (D)
Rep. Matt McCann (D)
Rep. Tom Zook (R)

Members Excused: Sen. Chuck Swysgood (R)

Members Absent: None.

Staff Present: Cassandra Drynan, Committee Secretary
Jane Hamman, OBPP
Pam Joehler, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 11 - TREASURE STATE
ENDOWMENT PROGRAM, 1/12/1999

Executive Action: NONE

HEARING ON HOUSE BILL 11 - TREASURE STATE ENDOWMENT PROGRAM

Mr. Jim Edgcomb, Manager of the Treasure State Endowment Program,
gave a summary of the program including the accomplishments since
the 1997 session, the funding and the recommendations for current
projects.

EXHIBIT(jlh08a01) EXHIBIT(jlh08a02) EXHIBIT(jlh08a03)
EXHIBIT(jlh08a04)

{Tape : 1; Side : A; Approx. Time Counter : 0 - 7.7}

Ms. Janet Cornish, with Community Development Services of Montana, explained the Bridges Program and the methods looked at to determine the ability to pay taxes for each county.

EXHIBIT(jlh08a05) EXHIBIT(jlh08a06) EXHIBIT(jlh08a07)

{Tape : 1; Side : A; Approx. Time Counter : 7.9 - 14.3}

REP. ZOOK asked how the average levy was calculated. **Ms. Janet Cornish** responded.

Ms. Janet Cornish continued with her presentation.

{Tape : 1; Side : A; Approx. Time Counter : 14.3 - 23.0}

Ms. Janet Cornish discussed the affects of CI 105 on the ability to levy taxes. Discussion followed.

{Tape : 1; Side : A; Approx. Time Counter : 23.1 - 1:B:2.5}

SEN. BECK asked about emergency funds.

Ms. Janet Cornish explained the guidelines that were actually used to determine the ability to pay, of each county. Questions were asked.

{Tape : 1; Side : B; Approx. Time Counter : 2.5 - 10.8}

Mr. Jim Edgcomb explained **EXHIBIT 5, EXHIBIT 6, EXHIBIT(jlh08a08)** and the funding structure for the projects under TSEP. Questions were asked.

{Tape : 1; Side : B; Approx. Time Counter : 10.8 - 20.1}

CHAIRMAN BERGSAGEL asked about a project that was funded below the funding line. **Mr. Jim Edgcomb** stated that they had never funded a project that was below the funding line.

Mr. Jim Edgcomb explained the actions TSEP would take if they faced a negative balance. Questions were asked.

{Tape : 1; Side : B; Approx. Time Counter : 20.1 - 23.1}

REP. MCCANN asked about the revenues coming into the Coal Trust Fund and the interest accruing. Discussion followed.

REP. ZOOK asked for a breakdown of the administrative expenses for TSEP and the DNRC.

{Tape : 1; Side : B; Approx. Time Counter : 23.1 - 27}

Mr. Jim Edgcomb explained changes that were made to the application guidelines and to the manual that is used to administer the projects. He also mentioned that some projects

were being referred back to the committee because changes were made to these projects.

{Tape : 1; Side : B; Approx. Time Counter : 27.1 - 2:A:2.1}

Mr. Jim Edgcomb explained where to find a status report on each of the projects from the last session. **CHAIRMAN BERGSAGEL** asked how to read the reports and where to find whether or not projects had been completed.

{Tape : 2; Side : A; Approx. Time Counter : 2.1 - 5.1}

Mr. Jim Edgcomb discussed the proposed amendments to the TSEP statute that are in **HB 50 EXHIBIT(jlh08a09)**. **EXHIBIT(jlh08a10)**

{Tape : 2; Side : A; Approx. Time Counter : 5.1 - 12}

CHAIRMAN BERGSAGEL asked **Mr. Jim Edgcomb** to review his comments on how TSEP was attempting not to reward projects that were being mismanaged. Discussion followed.

{Tape : 2; Side : A; Approx. Time Counter : 12 - 17.1}

Ms. Jane Hamman, OBPP, explained the intent of **HB 50**.

REP. MCCANN asked where **HB 50** was to be heard. It was discussed that the Long-Range Planning Subcommittee should hear it before it goes to full Appropriations.

Mr. Jim Edgcomb continued discussing the proposed amendments in **HB 50**. Questions were asked.

{Tape : 2; Side : A; Approx. Time Counter : 17.1 - 23.9}

Mr. Dave Cole, Chief of the Community Developmental Bureau, answered questions about language in **EXHIBIT 9, HB 50**, concerning the population of a community and its role in project rank. Discussion followed.

{Tape : 2; Side : A; Approx. Time Counter : 23.9 - 27.4}

Mr. Dave Cole discussed the effects of CI-75 on TSEP's ability to distribute funds. He explained the route that would be taken if the community did not pass the increased tax. Discussion followed. The committee was also asked to make a policy decision on distributing early money.

{Tape : 2; Side : A; Approx. Time Counter : 27.4 - 2:B:5.3}

Mr. Jim Edgcomb discussed the projects that were being referred back to the committee **EXHIBIT(jlh08a11)**. It was recommended that projects not in compliance should not be allowed to reapply for future TSEP funds until they demonstrated compliance.

{Tape : 2; Side : B; Approx. Time Counter : 5.3 - 19.1}

REP. MCCANN asked if CI-75 had played a role in setting the East Missoula Sewer District project behind schedule. **Ms. Nancy Guccione**, with the Treasure State Endowment Program, responded. Questions were asked.

{Tape : 2; Side : B; Approx. Time Counter : 19.1 - 21.6}

CHAIRMAN BERGSAGEL asked what would happen to funds if there was a reduction in project costs. **Mr. Jim Edgcomb** explained that they could pro-rate the funds back to TSEP or would allow additional, related work, to be done.

{Tape : 2; Side : B; Approx. Time Counter : 21.6 - 24.1}

Mr. Jim Edgcomb discussed the ranking and recommendation process including target rate analysis and financial gap analysis.

EXHIBIT(jlh08a12) EXHIBIT(jlh08a13) EXHIBIT(jlh08a14) EXHIBIT(jlh08a15) EXHIBIT(jlh08a16) EXHIBIT(jlh08a17). A handout on the funds available and the projects funded was distributed **EXHIBIT(jlh08a18)**

{Tape : 2; Side : B; Approx. Time Counter : 24.3 - 3:A:1.0}

SEN. LYNCH asked if all of the approved grants could be reduced a bit and more projects could be funded with the excess money.

Mr. Jim Edgcomb responded that it was certainly possible but that it would increase the rates for the counties facing the reduction and that many would already be paying high rates with the proposed grant amounts. Discussion followed.

{Tape : 3; Side : A; Approx. Time Counter : 1.1 - 3.9}

REP. MCCANN asked that **Mr. Jim Edgcomb**, in the course of his presentation, refer back to the criteria in **HB 50** and how it would impact these projects.

Mr. Jim Edgcomb presented proposed amendments to **HB 11** including a reduction in the Rae Water and Sewer District grant due to the 50 percent match requirement, the addition of the Town of Chester water project to the list of projects tentatively funded (should funds become available) and a change to section 1, sub-section 5 reading; projects one through twenty-two should be funded from the next bienniums appropriation if funds are not available.

EXHIBIT(jlh08a19) a letter from Columbia Falls was handed out.

{Tape : 3; Side : A; Approx. Time Counter : 4.2 - 8.9}

TSEP PROJECT NO. 20 - LEWIS & CLARK COUNTY

Mr. Jim Edgcomb reviewed the bridges project and the department's recommendation.

{Tape : 3; Side : A; Approx. Time Counter : 9.2 - 10.9}

Mr. Tim Burton, chief administrative officer for Lewis & Clark County, reported that last session's project was completed and gave a summary of this sessions project.

{Tape : 3; Side : A; Approx. Time Counter : 10.9 - 14.3}

Mr. Ralph DeGunzo, administrator of the contracting and construction division for the department of military affairs, spoke on behalf of the project. **EXHIBIT(jlh08a20)**

{Tape : 3; Side : A; Approx. Time Counter : 14.3 - 16.6}

TSEP PROJECT NO. 15 - RICHLAND COUNTY

Mr. Jim Edgcomb reviewed the bridges project and the department's recommendation.

{Tape : 3; Side : A; Approx. Time Counter : 16.6 - 18.1}

Mr. Brian Milny, with Interstate Engineering, gave a summary of the project. Questions were asked. **EXHIBIT(jlh08a21)**

{Tape : 3; Side : A; Approx. Time Counter : 22.3}

REP. REHBEIN, HD 100, spoke in support of the project.

EXHIBIT(jlh08a22)

{Tape : 3; Side : A; Approx. Time Counter : 22.3 - 23.5}

TSEP PROJECT NO. 25 - TOWN OF CHESTER

Ms. Nancy Guccione reviewed the water project and the department's recommendation.

{Tape : 3; Side : A; Approx. Time Counter : 23.5 - 24.7}

Mr. Wayne Werdull, Mayor of Chester, gave a summary of the project. Questions were asked. **EXHIBIT(jlh08a23)**

{Tape : 3; Side : A; Approx. Time Counter : 24.7 - 28.5}

Mr. Kirk Holmes, Director of Public works for the Town of Chester, gave a technical presentation of the project.

EXHIBIT(jlh08a24)

{Tape : 3; Side : A; Approx. Time Counter : 28.5 - 3:B:0.1}

Mr. Brian Milny gave a short presentation of the project. Questions were asked.

{Tape : 3; Side : B; Approx. Time Counter : 0.2 - 2.5}

Mr. Dick King, with Bear Paw Development, spoke on behalf of the project. Questions were asked.

{Tape : 3; Side : B; Approx. Time Counter : 2.5 - 5.4}

TSEP PROJECT NO. 22 - SOUTH HILLS WATER & SEWER DIST.

Mr. Nick Rich, with the Treasure State Endowment Program, reviewed the water project and the department's recommendation.

{Tape : 3; Side : B; Approx. Time Counter : 5.4 - 7.3}

Mr. Bob Parker, a member of the Board of Directors of the South Hills Water & Sewer District, presented the project's background. Letter of support from the Briarwood Homeowner's Association **EXHIBIT(jlh08a25)** and the Board of County Commissioners of Yellowstone County were distributed **EXHIBIT(jlh08a26)**.

{Tape : 3; Side : B; Approx. Time Counter : 7.4 - 13.3}

Mr. Ed Parsons, Chairman of the Advisory Group for the Briarwood Special Improvement District, spoke on behalf of the project and asked for the support of the committee.

{Tape : 3; Side : B; Approx. Time Counter : 13.3 - 16.3}

Mr. Craig Caufield, with Interstate Engineering, explained the problems with the technical review of the project and informed the committee that Interstate Engineering was acting as the new consultant for the project and would redo the technical review for the project.

{Tape : 3; Side : B; Approx. Time Counter : 16.3 - 21.6}

Mr. Brian Milny explained that his firm was searching for the most economical and sound treatment process for the South Hills Water District. Questions were asked. **EXHIBIT(jlh08a27)**

{Tape : 3; Side : B; Approx. Time Counter : 21.6 - 23.2}

REP. MCCANN asked for an explanation of the target combined monthly rate.

Mr. Jim Edgcomb explained how the target combined monthly rate was calculated. Discussion followed.

{Tape : 3; Side : B; Approx. Time Counter : 23.2 - 24.7}

SEN. WILLIAM GLASER spoke on behalf of the project.

{Tape : 3; Side : B; Approx. Time Counter : 24.7 - 26.4}

CHAIRMAN BERGSAGEL asked **Mr. Milny** if the project was being done because of a regulation, or because people were getting sick. **Mr. Milny** responded that it was to comply with a regulation.

CHAIRMAN BERGSAGEL stated that **REP. JAY STOVALL** wished to go on record as being in support of the project.

{Tape : 3; Side : B; Approx. Time Counter : 26.5 - 28}

TSEP PROJECT NO. 17 - TOWN OF AUGUSTA

Mr. Jim Edgcomb reviewed the waste water project and the department's recommendation.

{Tape : 3; Side : B; Approx. Time Counter : 28 - 29}

Mr. Kurt Heese, Chairman of the Board of the Augusta Sewer & Water District, introduced the other board members, distributed an outline of the waste water system **EXHIBIT(jlh08a28)** and gave a short presentation of the project goals.

{Tape : 3; Side : B; Approx. Time Counter : 29 - 4:A:2.5}

Mr. Victor Krueger, Vice Chairman of the Board of the Augusta Sewer & Water District, explained why the sewer lagoon system needed an upgrade. Questions were asked.

{Tape : 4; Side : A; Approx. Time Counter : 2.7 - 5.2}

Ms. Susan Williams, Secretary of the Board of the Augusta Sewer & Water District, spoke on behalf of the project and explained the community's contribution.

{Tape : 4; Side : A; Approx. Time Counter : 5.2 - 6.7}

Ms. Bonita White, Treasurer of the Board of the Augusta Sewer & Water District, spoke on behalf of the project and stressed that the community was very supportive of the project.

{Tape : 4; Side : A; Approx. Time Counter : 6.7 - 7.8}

Mr. Tim Burton stated that the Board of County Commissioners would assist the Augusta Sewer & Water District with this project.

{Tape : 4; Side : A; Approx. Time Counter : 7.8 - 8.7}

Mr. Barry Damshan, Consumer Engineering with Damshan Associates, explained why they decided to build a total retention evaporation pond over other treatment options and gave an overview of the sites selected. Questions were asked concerning water rates. Discussion followed.

{Tape : 4; Side : A; Approx. Time Counter : 8.7 - 15.5}

HEARING ON HOUSE BILL 11 - TREASURE STATE ENDOWMENT PROGRAM
CLOSED

ADJOURNMENT

Adjournment: 12:00 P.M.

REP. ERNEST BERGSAGEL, Chairman

CASSANDRA DRYNAN, Secretary

EB/CD

EXHIBIT (j1h08aad)